

Lake Helena Drive Pit – Public Meeting
Helena Sand & Gravel Summary Remarks
December 18, 2007

Opening Remarks

Welcome all to this informational meeting for our proposed sand & gravel operation located between Lake Helena Drive and Valley Drive and just south of the Helena Valley Irrigation canal.

First of all, we acknowledge the fact that the notification process may not have been performed effectively. I'm not sure if there is a right way or a wrong way to notify folks but the requirements as set by the permitting process were followed. That being said, it is what it is, the comment period was extended for 30 days until January 4, and we are here today to provide additional information about our proposed sand & gravel operations on Lake Helena Drive.

Growth and development in the Helena area has been at record levels for the last couple of years. This growth has consequently led to an unemployment rate for Lewis & Clark County of 2.3% compared to the state average of 2.6%. The construction activity from this healthy economy has placed a higher demand on all construction materials and we have felt the demand in the sand & gravel business. Gravel is a key component of concrete, asphalt and road mix. These aggregates are used for; concrete footings for new homes, sidewalks, driveways, asphalt streets, gravel roads, curb and gutter, septic tanks, water tanks, swimming pools, etc. It is not a matter of "if" we will extract and process gravel to meet the demands of the local economy; it is a matter of "where" the material will come from and the manner to which it will be handled.

This type of operation cannot just be placed in the spot with the least amount of impacts to the public. Sand & gravel operations must be placed in areas where the gravel is located. Unfortunately, in the Helena area the gravel exists in areas also desirable for home sites. If subdivisions are placed in these areas then the two run the risk of becoming neighbors. The county as a whole is better served by having the source of gravel close to where development occurs, even though residents may be inconvenienced, or may be emotionally opposed. Material prices are directly affected by the distance it takes to make a delivery. Consequently, longer hauls require more fuel consumption thus greater emissions from diesel engines. Longer hauling distances also create more of a safety concern as the trucks are on the roads longer, also causing more traffic delays.

I want to explain our plans for developing this site into a sand & gravel operation. I will then briefly address some of the issues brought forth by comments to date regarding: Nuisance Issues, Water Quality, Water Requirements and Needs, Contaminated Soils, Traffic Impacts and why we selected this site versus the site along Canyon Ferry Road (Foster Property).

Plan for this Site

HSG is approaching the end of usable resources at our existing operations at our Canyon Ferry site. We own aggregate reserves at the Foster property and at the proposed site on Lake Helena Drive. In order to continue business in the Helena area, we must be able to access the resources at one of these sites. We will either be moving into this proposed site or we will relocate to the Foster Site along Canyon Ferry Road. We plan to establish a Sand & Gravel operation on the property in question. This would entail excavating and crushing material to a depth of 15 feet below the existing grade to establish a production site. We would then install a **new** hot mix asphalt plant the summer/fall of 2008 with a new concrete ready mix plant being installed the spring of 2009. The lowered site is an attempt to lessen the noise impact and also lower the elevation of our plants in comparison to the surrounding horizon. By mid summer 2009 our intention would be to have our complete operations currently located at 2700 Canyon Ferry Road moved to this new site. Our shop setup currently located at the old Big Sky operations would remain at that location at 2930 Canyon Ferry Road.

The current application is to setup sand & gravel operations on the 111.5 acres towards the center of the property. The plant configuration would be located at the furthest possible point away from homes in every direction, thus minimizing the impacts to area homes. With the plants in the center of the property this would allow us to excavate material around the facilities and stockpile the processed materials in the center of the property in close proximity to the plants allowing good access for the making of concrete or asphalt material. This will reduce the need for excess equipment movement and likewise reduce the overall emissions. This method would also eliminate the need to set up crushing operations on the outer edge of the permitted area, all the while keeping the crushing operations at the furthest point away from homes as possible.

We propose to excavate to a depth of 40 feet and remain 5 feet above the seasonal high water elevation, thus reducing any negative impacts to the water table. The proposed quantity to be removed would be approximately 6.3 million cubic yards and would have approximately a 10 year life expectancy dependent on market fluctuations.

In addition to the asphalt and concrete plants, our operations would consist of aggregate excavating, crushing, washing, screening, and processing of materials. This would be a commercial business with material sales being consumed by both HSG on our own construction projects as well as materials provided to other contractors and to the general public.

Additionally, we are environmentally friendly in the sense that we recycle all of our waste concrete material and waste asphalt material. We take in waste concrete from our construction sites and also from external sources. This concrete is stockpiled and crushed making a usable product out of a material that had been previously a waste product. The asphalt material is crushed as well and this material is reintroduced into our asphalt mixes that is used to replace and pave our streets and roadways. The crushed asphalt is also utilized as base course and makes an excellent road mix material, as it is less dusty than conventional road mixes. Recycling these materials is absolutely the

environmentally correct thing to do and it reduces the amount of waste material delivered to our landfills.

Upon completion of the excavation, the site would be reclaimed including; grading, topsoil and re-seeding. The long term plan would most likely return to pasture type use.

Nuisance Issues

To help control dust, we have proposed to asphalt pave the entrance road from Lake Helena Drive to our plant facilities and also the immediate area around those plant facilities. This is not a typical requirement for permit approval. Essentially, all delivery vehicles coming to and from this site will not leave asphalt paved surfaces. We utilize water for dust control purposes for the remaining areas and haul roads within the work areas. We do not plan to utilize chemical dust suppressants such as magnesium chloride on our property. Our crushing equipment is equipped with water spray bars to help control dust. Many of our gravels have water added, also known as gravel pugging, during manufacturing stages which also helps to eliminate dust.

Our pit loader equipment is equipped with strobe warning lights to be used in lieu of back-up alarms for night work. The plant site is proposed to be lowered 15' as a means to help absorb noise and lights from leaving the area. Our crushing equipment utilizes much more expensive Poly Deck Screens in place of traditional steel screens to help reduce noise of material as it passes through the screens for sizing material. Poly Deck Screens are not a requirement of our permit.

Lights used at night are typically pointed in a downward position to reduce the amount of light that spreads past the operations.

The distance from the proposed plant facilities to the nearest home will also help lessen the impact of the items just mentioned. The **outside** border of the permit area is approximately 1000' from the property boundary, the plant facilities will be another 1000' +_ from the permit boundary. The nearest home will be roughly 2000' away from our plant operations. By comparison, this is roughly double the distance that our current asphalt and concrete facilities are from Canyon Ferry Road.

We will not be relocating our existing asphalt plant to this site. The current facility will be dismantled and removed after the erection of our new plant. We are scheduled to purchase a new Hot Mix Asphalt Plant in 2008. This plant would be erected at the Lake Helena Drive site. This plant will be state of the art equipped with emissions controls, which far and away exceed current standards. We are spending an additional \$100,000 for this plant to add what is called a "Blue Smoke Package". A Blue Smoke Package is designed to capture the fumes from the top of the HMA storage silos that results from asphalt batching operations. The fumes are transferred from the top of the silos through ductwork, back down through the combustion zone, incinerating any of the organic fumes in the gases. Our current facility on Canyon Ferry Road is not equipped with this system.

The new plant will also be equipped with a burner silencer. I recently had the pleasure to visit a plant similar to the one we plan to purchase. I was able to literally stand next to the operating plant without wearing earplugs and have a casual conversation without raising my voice.

We have received the Diamond Achievement Award two years running for both 2006 and 2007 from the National Asphalt Pavement Association. This award is designed to recognize hot-mix asphalt production facilities that operate in an exemplary manner. NAPA Chairman Jim Roberts has stated, "Earning the Diamond Achievement Commendation serves as a signal to neighbors that an HMA facility is a good neighbor".

We intend to have one controlled access to this site onto Lake Helena Drive. The property is currently fenced on all sides with a barbed wire livestock fence. The property borders the Helena Valley Irrigation Canal to the North. We plan to install a limited number of security cameras on the premises to monitor activities 24 hours/day.

Water Quality

Our plan of operations at this site was developed to limit any detrimental effects to the groundwater quality, beneath the site. The depth of excavation is 40 feet, which should be 5 feet above the seasonal high groundwater level. All of our liquid admixtures, asphalt cement and diesel fuel are stored in above ground tanks with secondary containment. Solvents will not be permanently stored at this location, but will remain at the Big Sky Shop area. Our washout ponds for the concrete mixer trucks consist of a series of ponds which will allow the sediment to settle out of the water before the water is returned to the groundwater. The original plan of operations did not identify our concrete washout ponds as being lined. In response to public comments received to date, we have determined that the concrete sediment ponds will include concrete floors and walls, which allows for the sediment to be removed with a front-end loader, as necessary. A draft Spill, Prevention, Control & Countermeasure Plan (SPCC) has been prepared for our operations at this site. The purpose of the SPCC plan is to describe our operations activities to prevent a release. In the event of a product release, the plan would describe what, where, and how do we respond in order to limit the potential and spread of the contamination.

Originally, we considered installation of several groundwater monitoring wells to monitor the groundwater quality both up-gradient and down-gradient from the site. However, since we decided not to excavate gravel from below the water table, MDEQ told us that the monitoring wells would not be necessary. If groundwater quality continues to be an ongoing concern of our neighbors, then we can re-evaluate the installation of the monitoring wells and semi-annual sampling.

Water Requirements and Need

For the record, we are not pursuing the use of the City of East Helena wastewater effluent as a water source. There will be two classifications of water used at this proposed operation; consumed and beneficial use. Water that is consumed is water that will leave the site by being incorporated into our products. The majority of the product water will

be incorporated in ready mix concrete, wash water leaving in the saddle tanks of our mixer trucks, or water that is mixed into basecourse aggregate (necessary to achieve optimum moisture content). (Referred to as gravel pugging earlier.)

Beneficial use water is water that which is used by the wash plant to produce washed aggregate products. These products include but are not limited to: concrete sand, masonry sand, pipe bedding, and 1½" and ¾" concrete rock. This water is used to wash silt and clay from the aggregate and sand, during the production process. Following production, the majority of the wash water is drained to a series of settling ponds, to allow the silt and clay particles to settle out of the water. After the particles have settled out of the water, the water is reused by the wash plant, in another cycle of washed aggregate production. So, even though our permit states that; "the crusher/wash plant operation at this pit will use approximately 1,950 gallons/minute, 20 hours/day, 5 days/week, 6 months/year", this water is coming from our settling ponds and should be considered non-consumptive.

The total "**consumed water**" at this site is calculated as follows:

Concrete Production	= 2.0 MG/Yr.
Concrete Mixers - Wash Water	= 1.0 MG/Yr.
Dust Control – Pit Roads	= 3.5 MG/Yr.
Dust Control – Crusher Spray Bars	= 0.5 MG/Yr.
Crushed Base Aggregate – Moisture Conditioning	= 1.8 MG/Yr.
TOTAL WATER CONSUMED	= 8.8 MG/Yr.

The above chart does not account for non-consumptive water volume.

For comparison purposes, a 35 GPM well running continuous 365 days/year would produce 18.4 M gallons of water. Additionally, an 18 hole golf course in Montana can consume between .5M - .75M gallons of water/day. This golf course would consume the amount of water we are suggesting for our consumptive operations in 12 – 17 days.

Contaminated Soils

We are currently in the process of working closely with the East Helena Lead Program, Lewis & Clark County Health Department, Montana DEQ Superfund Program & the Environmental Protection Agency to develop a plan for investigating, analyzing, stripping, handling, stockpiling and revegetation of the topsoil covering our proposed permit area.

To date, we have hired an environmental consultant to perform sampling and analysis of topsoil samples collected at locations selected by representatives from the East Helena Lead Program, State Superfund and the EPA. A report was written, summarizing the analysis, and distributed to the regulatory authorities. A follow-up meeting was held to discuss the report and identify the necessary procedures to strip the topsoil, in a manner that will minimize the potential of dust generated by the stripping and stockpiling activities.

We are in the process of preparing a "dust mitigation" plan for these activities. This plan will address pre-wetting the topsoil, stripping procedures, stockpiling methods and site revegetation. The topsoil will be stripped with scrapers and stockpiled on the west side of our permit area. The topsoil stockpile will be hydro-seeded, in order to facilitate vegetative growth. The surface of the topsoil stockpile will be kept damp until vegetation is adequately established, that will inhibit wind blown dust.

Traffic Impacts

I would like to acknowledge that there appears to have been an error in the EA regarding traffic for this site. The EA stated the estimated truck trips per week would be 77. We have recalculated this number and it should read 121 per day based on 2007 numbers. We will recommend this change be incorporated in the final EA.

It is our belief the traffic south of our proposed entrance on Lake Helena Drive will be no worse than if we move to the Foster property or the Lake Helena Drive property. The primary traffic pattern from either site will be to use Canyon Ferry Road. The majority of the deliveries will be going toward Helena, not up Lake Helena Drive toward East Helena. The primary deliveries using Lake Helena Drive would be for deliveries to the East Gate area and eastern East Helena. Our trucks are currently using this route to deliver to this area, so the impacts are already felt and the added impacts would not change significantly. Our existing operation will be phased out over the course of the next couple years, basically moving the traffic impacts & flows 2 miles east. The net traffic impact to Canyon Ferry Road and Lewis and Clark County will essentially see no overall change.

Canyon Ferry Road is scheduled to be re-constructed in 2009 with improvements to the Lake Helena Drive intersection and the Valley Drive intersection. These improvements will assist in the traffic flows of the area.

Additionally, we want our trucks to avoid the school areas to limit exposing our drivers to kids and pedestrians in these congested areas. It would also be less efficient going that way at times during the dropping off and picking up of children. Therefore, it would be more efficient and beneficial for us to use Canyon Ferry Road. As many of you know, the traffic connection of Lake Helena Drive and Highway 12 is not user friendly to larger commercial traffic. My management team will discourage the use of Lake Helena Drive to Highway 12 with the exception of local deliveries.

Why this site and not Fosters

The Foster property was permitted first because it was purchased first. The permitting process was completed on the Foster property prior to the purchase of the Lake Helena Drive property. The Foster property will most likely eventually develop into a Sand & Gravel operation. The Lake Helena Drive site is better suited for this type of operation for the following reasons:

1. The quality of gravel is superior. The gravel at the Foster site has more clay and silt in the material.
2. The seasonal high water level in the permit area for LHD is at 45 feet. The extraction of aggregate material is proposed to go to a depth of 40 feet. By comparison the groundwater level at Fosters ranges from 20 to 35 feet in depth and the excavation is approved to a depth of 40 feet. At the Lake Helena site we do not intend to excavate into the groundwater as we are permitted to at the Foster Sites, therefore, the overall potential for groundwater contamination would be much less.
3. The Foster property is currently a productive farming operation that would be able to remain as such should the permit be issued for Lake Helena Drive. The Lake Helena Drive property's sole use is currently agricultural in nature providing cattle grazing for approximately 3 months out of the year. The remainder of the year this land remains an unproductive piece of property.

The Foster property is currently permitted and many of the same people will be affected regardless of which site that we use.

It was mentioned that signs have been posted for several years at Canyon Ferry Road and Lake Helena Drive, known as the "Foster Site", identifying the "Future Home of Helena Sand & Gravel" and why have signs not been posted on the newly proposed site? The signs on the Foster property were not posted until after the property had been properly permitted. The posting of signs could be misleading as the Lake Helena site **may not** become the future home of HSG.

In conclusion:

HSG is very much a part of the Helena and East Helena community. We employ over 200 people with an annual salary in excess of \$7M. Some of our employees live in East Helena and near this very site. Our employees are raising families and sending their kids to both the Helena and East Helena school systems. Upon moving to this new site, we estimate that we will pay in excess of \$42,000 in taxes each year that would go to School District #9 which is the East Helena school system. We have a vested interest in the safety of all kids that attend these schools, the parents taking them to and from school and the buses that deliver the children. I can assure you that HSG will be sensitive to the proximity of our operations to the East Helena schools as I myself have two children in the East Helena school system, both of whom began their education at East Gate Elementary, just south of the proposed operation.

Within the last couple of weeks I have met with Ron Whitmoyer, Superintendent of East Helena Schools, whom I believe has a good grasp of the need for development and growth. Ron mentioned the need for a walking/bike path to get from the subdivisions due North of the canal and south of Canyon Ferry Road, to East Gate. Ron and I discussed the possibility of HSG contributing to the cost of the path and possibly constructing the path. My response was that we would most definitely contribute to this cause. If we establish our operations at this site, and depending on the scope of the project, we may be able to build the path and donate the cost. This could become not only a safe walking path for school kids but also a walking path for the community. The proposed path would also serve the Red Fox Meadows subdivision currently proposed by Jerry Hamlin. The path could be built from Canyon Ferry Road to East Gate on the Eastside of Lake Helena Drive. This would alleviate the safety concern of pedestrians walking across the front of our pit entrance or the need to cross our approach, eliminating the hazard of crossing in front of large trucks. Further, we have given back to the community in which we work, live and play in the form of donations to the following:

Carroll College
Lewis & Clark County 4-H
Lewis & Clark County 4-H Livestock Sale
Lewis and Clark County Fair
East Helena Rodeo
Salvation Army
The Montana Meth Project
Montana Veterans Foundation
Capital High School
Helena High School
Mom's Club of Helena
Various youth sports programs
Helena Brewers
Friendship Center
Montana Army National Guard
East Helena VFW Fire Works
St. Pete's Hospital Foundation
High School Senior All-night Party
East Helena Baseball
Montana Special Olympics
East Helena VFW Easter Egg Hunt
Helena Christian School
Montana School for the Deaf and Blind
East Valley Middle School
Helena Fire Department
Various other Volunteer Fire Departments
Race to the Sky
Healthy Mothers, Healthy Babies
National Guard Concrete Mixer

Carroll College Concrete Mixer
Toys for Tots

We have donated concrete and other building materials to churches in our community, as well as various Benefit Auctions for people in need.

We adopt a family at Christmas time showering them with gifts that probably exceed those received by most of the families in this room tonight. Our customers that have purchased our products, in a way, have also helped to contribute to these worthy groups.

It is our desire to be your neighbor and we want to be a good one. I believe we can co-exist as neighbors and I believe we have been able to do so at our current location on Canyon Ferry Road. This operation is in close proximity to residential areas and also demonstrates our ability to run our sand & gravel operations effectively and still be respectful of our neighbors. Other Montana communities have similar situations where sand & gravel operations and residential areas co-exist.

Food for thought not presented during the meeting.

The Lake Helena Drive property was purchased for the purpose of establishing a sand & gravel operation. If not allowed to do so, for whatever reason, it would not remain an open space pasture as it is today. Helena Sand & Gravel will not continue to own this property to lease out for the grazing of cattle 3 months out of the year. This property would most likely be developed into a housing development, mobile home park or subdivision. These types of developments would face the same issues, with the exception that they would likely be compounded.

This 400 acre site would house approximately 300 homes, give or take. What would be the traffic impact of 300 families? How much water would 300 families consume? The contaminated topsoil would remain an issue. Instead of dealing with one entity, you would have the privilege of dealing with up to 300 individual entities.